

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1543-01
Bill No.: HB 689
Subject: Licenses - Motor Vehicle; Revenue Department; Motor Vehicles
Type: Original
Date: March 8, 2013

Bill Summary: This proposal modifies the design for the Operation Enduring Freedom and the Operation Noble Eagle license plate.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$9,450)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$9,450)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Highway Fund	(\$1,001)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,001)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections** assume the proposal will have no fiscal impact on their organization.

In response to similar types of proposals last year, officials from **Department of Transportation** concurred with the Department of Revenue regarding the possible fiscal impact.

Officials from the **Department of Revenue (DOR)** state the following procedures will need to be implemented for the changes in this proposal:

Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,206 in FY 2014.

DOR's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$325 in FY 2014.

DOR would incur 40 overtime hours for a Revenue Processing Tech II to work with military personnel on the design of the plate and finalizing the design at a cost of \$840 in FY 2014.

OA-ITSD would require 240 FTE hours with a level of effort valued at \$6,492. The value of the level of effort is calculated on 240 FTE hours.

In summary, DOR assumes programming costs associated with this proposal to be approximately \$8,863 in FY 2014.

The Department is charged \$430 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2014.

ASSUMPTION (continued)

It is assumed the DOR would reissue the newly designed Operation Enduring Freedom and Operation Noble Eagle license plates to those already in possession of the plates at the time of renewal. DOR would send notification by mail to those applicants already in possession of the military plates notifying them of the new design and to inquire if they would like to keep the military plate and personalized configuration. Upon notification by the applicant, the new plate design and specific configuration would be ordered and upon completion sent to the license office of the applicant's choice. There are currently 137 Operation Enduring Freedom plates and 6 Operation Noble Eagle plates in use.

It is unclear as to how many of those applicants would want to maintain the Operation Enduring Freedom and Operation Noble Eagle plate. The Department is assuming 100% of those plates, 143, would need to be modified and reissued.

DOR pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$1,001 (143 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2014 effective date) in FY 2014.

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through MVE.

- DOR assumes 100% would want to maintain the Operation Enduring Freedom and Operation Noble Eagle plate at a cost of \$83 in FY 2014 to ship 15 boxes of plates to license offices in various regions across the state.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

- With 143 applications, it would cost \$74 in FY 2014 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.45).

ASSUMPTION (continued)

In summary, DOR assumes a cost to the General Revenue Fund of \$587 in FY 2014 to provide for personnel changes, plate set-up and mailings in this proposal. Cost to the Highway Fund for these purposes is assumed to be \$1,001.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2014</u> (10 Mo.)	<u>FY 2015</u>	<u>FY 2016</u>
GENERAL REVENUE			
<u>Cost - DOR</u>			
Administrative and processing costs for specialty plates	<u>(\$9,450)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$9,450)</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
<u>Cost - DOR</u>	<u>(\$1,001)</u>	<u>\$0</u>	<u>\$0</u>
Manufacturing Cost			
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$1,001)</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 <u>FY 2014</u> (10 Mo.)	 <u>FY 2015</u>	 <u>FY 2016</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal changes the "Operation Enduring Freedom" license plate to the "Operation Enduring Freedom Veteran" license plate and replaces the image of the American flag with an image of the Operation Enduring Freedom medal.

The proposal also changes the "Operation Noble Eagle" license plate to the "Operation Noble Eagle Veteran" license plate and replaces the image of the American flag with an image of the Operation Noble Eagle medal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Corrections
Department of Transportation



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